

INTERIM REPORT

ON

MACHINERY FOR PLANNING

CHAIRMAN
GOVERNMENT OF INDIA
ADMINISTRATIVE REFORMS COMMISSION
NEW DELHI,

April 29, 1967.

My dear Prime Minister,

With reference to the Ministry of Home Affairs Resolution No. 40/3/65-AR(P) dated 5th January, 1966, I enclose herewith the interim report of the Administrative Reforms Commission on the Machinery for Planning. The report contains the recommendations of the Commission on the functions of the Planning Commission, its composition, distribution of work among its Members, its relations with the Central and State Governments and the future of the National Development Council. The Commission has also recommended the setting up of Planning Boards in the States.

2. The most important of our recommendations is that the Planning Commission, hereafter, should be an expert advisory body freed completely of all its functions, executive in character. The membership of Ministers is eliminated to make it play its real role of advice and expertise. But we have made provision for effective guidance being given by the Prime Minister and the Finance Minister.

3 In view of the need immediately to reconstitute the Planning Commission, the Administrative Reforms Commission felt that it was desirable to send an interim report at this stage covering only the above points leaving over for a final report, the rest of the terms of reference assigned to it, in respect of the machinery for planning.

4. The Commission wishes to express its appreciation of the work of the Study Team on Machinery for Planning constituted by it. A copy of the interim report of the Study Team is enclosed.

Yours sincerely,
(Sd.) K. HANUMANTHAIYA,
Chairman.

Smt. Indira Gandhi,
Prime Minister,
New Delhi.

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I—INTRODUCTORY

The terms of reference of the Administrative Reforms Commission relating to the Machinery for Planning are as follows:—

“Planning organisations and procedures at the Centre and in the States and the relationship of the Planning Commission at the Centre and Planning agencies in the States with other agencies.”

2. The Commission appointed a Study Team under the Chairmanship of Shri R. R. Morarka to ascertain facts, locate principal problem areas, examine solutions for the problems, and make recommendations for the consideration of the Administrative Reforms Commission. The Study Team has submitted an interim report dealing with the re-organisation of the Planning Commission leaving the rest of the terms of reference to be covered by a final report. We are grateful to the Team for its report, a copy of which is enclosed*.

3. Planning has now come to be associated so closely and intimately with the various activities of Government and is so inextricably connected with almost every other term of reference of the Commission particularly the machinery of Government and Centre-State relationship that we would have preferred to deal with the entire subject in a comprehensive and integrated manner in our final report. It happens, however, that Government have been called upon to deal with the reconstitution of the Planning Commission owing to the fortuitous or coincidental circumstances of some resignations or expiry of term of almost all the members of the Commission. In order to assist Government in the reconstitution of the Planning Commission, we are now submitting this interim report on the following matters:

- (a) the functions of the Planning Commission;
 - (b) its composition;
 - (c) the distribution of work among its members;
 - (d) its relations with the Central and State Governments;
- and

* Not enclosed.

(e) the future of the National Development Council.

On the other aspects of the comprehensive terms of reference assigned to us, we shall be making our recommendations later.

4. The terms of reference proceed on the basis that the continuance of the Planning Commission is taken for granted. It is, therefore, unnecessary for us to make an elaborate justification for the existence of the Planning Commission. There are a few critics who still think that planning is not consistent with democratic freedom and is not necessary for economic progress. We do not agree with them. Planning is not inconsistent with democratic freedom. An important concomitant of that freedom is that the greatest good of the largest number should be secured. Even individual liberty is founded on collective and planned efforts to secure and maintain it. What should be abhorrent to true democrats is not the idea or substance of planning, nor planning in action, but its misuse resulting in strangleholds on the country's progress. Mistakes could be, and might have been, committed in the name of planning but that will not justify the condemnation of the idea or the institution. On the other hand, it should provide the spur to corrective action with a view to securing for the country its altogether beneficent role in bringing about its material and moral progress. Almost every newly independent country is working out its economic progress through its own planning machinery. Even highly developed countries with economies based essentially on private enterprise have found it necessary to embark on plans involving the regulation of the various aspects of the economy in order to achieve the aims of a welfare state and to sustain their economic growth. In India, planning is considered so essential that it is included as Item No. 29 of the Concurrent List of subjects in the Seventh Schedule of the Constitution. In a Federation like ours that includes a number of States, economic progress cannot harmoniously be achieved unless there is an agency to co-ordinate the ideas and efforts of the State and Central Governments. It is national development that is important. Sporadic, haphazard and individual attempts would result in duplication of effort, waste of resources and imbalance in the economic structure. Planning is, therefore, accepted in India for securing national development, and the Planning Commission is the agency which prepares comprehensive plans on a national scale.

5. The Administrative Reforms Commission held a series of meetings to consider the report of the Study Team as well as other

material on the subject. Discussions were also held with some important witnesses having intimate knowledge of the working of the Planning Commission. As a result of our deliberations and discussions, we have arrived at certain conclusions which we now proceed to set forth in the form of recommendations.

II—FUNCTIONS OF THE PLANNING COMMISSION

Recommendation (1)

The statement of the functions of the Planning Commission set out in the Government of India Resolution dated 15th March, 1950 appointing the Commission should, with slight modifications, continue to be the basis for its working. Its role should be confined to the formulation of the plans—the long-term perspective plan, the five-year plan and the annual plan—and the evaluation of plan performance. It should cease to involve itself in executive functions and decisions.

6. The functions of the Planning Commission are stated in the Government of India Resolution No. 1-P(C)/50, dated 15th March, 1950 (an extract from which is appended to the report). While retaining a large part of the statement of functions enumerated in the Resolution, we suggest its reformulation as follows:

“The Commission shall—

- (a) formulate a Plan for the socio-economic development of the country through the most effective and balanced utilisation of the country's resources over such period as may be appropriate;
- (b) for the purpose aforesaid—
 - (i) make an assessment of the available material and human resources of the country, and of the extent to which such resources are adequate or otherwise for the purpose of the implementation of the Plan and suggest ways and means of making up such gaps as may exist;
 - (ii) on a determination of priorities, suggest the stages and the order in which different schemes included in the plan should be implemented and the allocation of resources for such implementation;
 - (iii) indicate the factors which are tending or may tend to retard economic development and suggest ways and means for overcoming such tendencies in order to secure successful implementation of the Plan.

- (iv) review the existing machinery available for the implementation of the Plan and suggest such improvements in the structure and functions of that machinery as may be necessary;
- (c) review from time to time and particularly at the end of each year the progress achieved in the implementation of the Plan and recommend the adjustments of policy and measures that such review may show to be necessary;
- (d) to make such other interim or ancillary recommendations as appear to it to be necessary and appropriate for the purposes mentioned above."

In suggesting this reformulation, we are guided by the need to avoid vagueness and to ensure that the expert character of the Commission is fully reflected in the charter of duties and responsibilities. We also wish to emphasize that the primary functions of the Commission would have to be the formulation of the Plan of development for such period as may be appropriate and an annual stock-taking of achievements and failures in implementing the plan. As a means to such formulation, the Commission will have to assess the resources available and the resources required to make recommendations for closing the gap if any and also suggest priorities between different competing schemes. To define achievements and failures, it must have a machinery for evaluation and to profit from such definition it must also suggest such improvements in the machinery of implementation as may be required. While the formulation of the Plan and the evaluation of Plan performance will be the responsibility of the Planning Commission, the actual implementation of the Plan is the responsibility of the various executive authorities. It is for them to take the necessary executive decisions from time to time and the Planning Commission should not be required to take any part in reaching those decisions. Over the years, a practice has grown of the Ministries getting their decisions "cleared" through the Planning Commission. The use of the Commission's services in this manner is inconsistent with the requirement that the Commission should be "free from the burden of day-to-day administration", and should be discontinued. The Commission has also gathered to itself certain functions of a purely executive nature, e.g., the responsibility relating to the Public Co-operation Division. Such functions should be left to the Ministries concerned. In our final

report on the Machinery for Planning, we will make our detailed recommendations regarding the units which should be dissociated from the Commission.

Recommendation (2)

The Commission should annually make a report to Parliament on plan performance.

7. While the Planning Commission should shed some of the work which is not really connected with its proper functions, the evaluation side of its work needs emphasis. The progress of the important projects and programmes should be continuously watched and where necessary, action should be initiated with a view to securing readjustment of plans. At the end of each year, an appraisal should be made of the plan performance and a report thereon should be presented to Parliament. Discussions on such reports in Parliament will help effective assessment and bring the representatives of the people into grips with the problems of economic development, more often than is the case to-day.

III—SET-UP OF THE PLANNING COMMISSION

Recommendation (3)

The Planning Commission should be a non-statutory advisory body, having close relation with the Union Government.

8. A wise decision was announced in 1950, through the Resolution appointing the Planning Commission that "a careful appraisal of resources and an objective analysis of all the relevant factors on which a comprehensive planning should be based could best be achieved through an organisation free from the burden of the day-to-day administration, but in constant touch with the Government at the highest policy level". And the Planning Commission was set up accordingly as a non-statutory body and was placed in close relationship with the Centre yet independent of it. A close relationship with the Centre is necessary because the successful implementation of the Plan depends on the adoption of suitable policies, economic, fiscal and other, the formulation of which falls within the domain of the Centre. The Commission should at the same time be independent of the Centre, in order that the States may have no cause for dissatisfaction with its working. Further, experience has shown that a certain amount of flexibility in its organisation and functioning has enabled the Commission adequately to meet changing needs. This flexibility will be lost if the Planning Commission is subject to the rigid requirements of statutory rules. We, therefore, recommend that the present type of the Commission's relation with the Centre and its status as a non-statutory body should continue.

9. Incidentally, at a seminar of legal experts recently held, a suggestion was made that "the Planning Commission should be made independent and autonomous under the Constitution and should not be a mere wing of Government in office". So far as the formulation of plans by technical experts is concerned, we agree that subject to the guidelines provided by the Government, the Commission should be left free to frame plans uninhibited by extraneous considerations. However, for achieving this objectice, it is not necessary to create a constitutional body. If it is intended

such a body should embark on plan formulation on its own without its being provided guidelines by the Government, we are definitely against the creation of such a body. In our opinion, it will be against the spirit of the Constitution as it stands to-day.

10. "Economic and Social Planning" appears as Item 20 of the Concurrent List. The directive principle of the Constitution specifically requires the State to strive for the socio-economic welfare of the community. It is, therefore, for the Government to choose the best method of achieving this goal subject, of course, to its being acceptable to Parliament.

11. In a party system of democracy, each party has its own socio-economic policies. These are placed by the party before the people through the press and the platform. The party that obtains the people's approval therefor through the General Election and gains a majority in Parliament, forms the Government. It is this Government which works out its policies through its various agencies. The Planning Commission is one such agency.

12. In a modern State, any Government has two main functions to perform—to maintain law and order and to promote economic development. These two functions may be called the two wings of the executive. If the responsibility for formulating plans for economic development is exclusively handed over to an outside authority, the executive will look like a bird with a clipped wing.

13. Those who suggest the creation of a constitutional body are apparently carrying too far the idea of separation of the executive from the judiciary. They seem to carry their suspicion of the executive to such an extent that they would prevent it from functioning even in an area which is its special responsibility. The idea of separation works well when we consider the role of the judiciary *vis-a-vis* the executive, because what is involved there is impartiality in adjudicating cases to which the executive may be a party. But in the case of socio-economic planning, the planner and the executive are jointly involved and, therefore, any question of Planning Commission versus the Executive will be unreal. If the Planning Commission makes its plans isolating itself in an ivory tower, it will not be able to put life in those plans which will then fail to command acceptance.

IV—COMPOSITION OF THE PLANNING COMMISSION

Recommendation (4)

The Prime Minister has to be closely associated with the working of the Commission without being the Chairman thereof. This association is to be secured by his being kept continuously informed of the matters coming up for discussion at the meetings of the Commission. The Prime Minister may attend the meetings of the Commission or address it whenever he considers it necessary. The Prime Minister will preside over the meetings of the Commission when he attends them.

14. Ever since the inception of the Planning Commission discussion has gone on whether the Prime Minister should be its Chairman. Although the practice all along has been for the Prime Minister to be the Chairman of the Commission, there is a view that the association of the Prime Minister with the Commission in this manner has not been healthy. One of the grounds of criticism against this practice is that, taking advantage of the Prime Minister's Chairmanship, the Planning Commission has steadily added to its functions and personnel and has stepped into areas of executive authority of the Central and the State Governments. The Commission has been sometimes called a parallel Cabinet and sometimes a super Cabinet. It has strongly been criticised on the grounds that it has proved to be another level in the making of executive decisions and consequently, responsible for the extension of "red-tape" methods. The Study Team is against this overgrowth of the Planning Commission, both in respect of its authority and its functions. Some eminent persons who met the Study Team were also of the same view.

15. The Constitution is the ultimate authority that determines the functions of the various organs of Government. Much of our misunderstanding and confusion arises when we do not adhere to the guidelines laid down in the Constitution. Under the Constitution, the Ministries, whether in the Centre or in the States, are in effect the ultimate executive authorities. Further, the principle of Ministers being responsible to the Legislature is basic to the

system of Parliamentary Government. The executive authority of Ministers is, therefore, made complete and indivisible, so that they may be held responsible for what they do or fail to do. To do anything which would erode this responsibility, is to go against the spirit of the Constitution. It will dilute the responsibility of Ministers to the Legislatures and ultimately to the people. We are, therefore, of the firm view that no authority either advisory or expert should be allowed to earn the distinction of being parallel or superior to the Ministries in the executive field. Unfortunately over the past seventeen years, the Planning Commission has, in some measures, earned the reputation of being a parallel Cabinet and sometimes a super Cabinet. This must stop. The Planning Commission should confine its role to that of being an expert advisory agency and shed its functions which tend to overlap with those of the executive.

16. While it is necessary to prevent the Planning Commission from developing into a sort of parallel or super Cabinet, it should not be deprived of its vital link with the Prime Minister. The Prime Minister, apart from being the leader of the majority party, enjoys a special national status. Even on the floor of Parliament wherein various parties function with their own leaders, the Prime Minister is accorded the status of Leader of the House or the Prime Minister appoints another Minister as the leader of the House. This is a recognition of his high authority and status. His association with the Planning Commission will, therefore, give it the high status and vitality it needs for its effective functioning.

17. We recommend that this intimate association should be secured without formally making the Prime Minister the Chairman of the Commission. He should be kept informed from time to time of the important decisions taken by the Commission. Whenever a meeting of the Commission is to be held, copies of the agenda and the connected papers should be sent to him. He may attend the meetings of the Commission, express his views and participate in the discussions. He may also summon a meeting of the Commission and address it. He will preside over the meetings of the Commission when he attends them. These arrangements will, we hope, enable the Prime Minister to maintain a close and fruitful association with the Commission's work.

Recommendation (5)

The Finance Minister will also be closely associated with the working of the Commission. As in the case of

the Prime Minister, he will be kept informed of the matters coming up for discussion at the meetings of the Commission and he may attend the meetings thereof. He will not be a member of the Commission.

18. While we are not in favour of any Ministers being made members of the Commission (*vide* recommendation 6) we are decidedly of the view that the Finance Minister, like the Prime Minister, should be closely associated with the Commission's work. He is not only in charge of the resources for the plan, but also of fiscal policies. His influence on the economy is so pervasive that, it is necessary for him and the Commission to keep in close touch with each other. We, therefore, recommend that, like the Prime Minister, he should be kept informed of the matters coming up for discussion at the meetings of the Commission and that he may attend and participate in the meetings.

Recommendation (6)

Ministers should not be appointed as members of the Commission.

19. The Government of India Resolution appointing the Planning Commission after affirming that "the need for comprehensive planning based on a careful appraisal of resources and on an objective analysis of all the relevant economic factors has become imperative" goes on to say that "these purposes can best be achieved through an organisation free from the burden of the day-to-day administration but in constant touch with the Government at the highest policy level". The composition of the Planning Commission appointed in 1950 corresponded substantially with the above requirement. Shri Jawaharlal Nehru was the Chairman. But the members were not Ministers and they worked whole-time for the Commission. The position has, however, undergone a substantial change in the last seventeen years. While to start with, the Prime Minister functioned as the Chairman of the Commission and as the link between that body and the Government, by the end of 1966, the Commission included among its members, the Ministers of Finance, Home Affairs, Food and Agriculture, Steel and for some time the Ministers of External Affairs, Defence, Irrigation and Power, and Labour and Employment were also members. A review of the appointment of Ministers as Members of the Commission reveals that a practice had been established that when a Member became a Minister or a Minister was appointed as a Member, his membership continued till he ceased to be a Minister.

20. The practice of appointing Ministers as Members of the Commission has given rise to two questions of importance, viz., whether any substantial results have been achieved justifying the departure from the position of 1950 and whether on grounds of principle or expediency it is desirable to appoint Ministers as members of the Commission.

21. The answer to the first question is in the negative. Minister-members in view of their governmental preoccupations could only sporadically attend the meetings of the Commission and they do not appear to have made a significant contribution to its deliberations.

22. As regards the second question, those who favour the appointment of Ministers as members argue that a body consisting of only technical experts will be treated with indifference by the decision-making authorities. This will discourage the emergence of sound programmes. Better results will be achieved if some Ministers of the Central Government including the Prime Minister are members of the Commission and take part in planning process. They will be able to generate in all concerned (including the State Ministers) a sense of commitment to the Plan. Further, even the expert members of the Commission will be able to function more effectively if they are in continuous association with Ministers.

23. Experience so far gained, however, shows that Ministers, busy as they are with their governmental and parliamentary work, are unable to find time to make a significant contribution to the planning process. Their membership of the Commission has only provided a ground for criticism. If Ministers are members of the Commission, the Commission is likely to be committed to the Ministers' stand with regard to executive matters relating to the implementation of the plans. This will affect its capacity to make a critical appraisal and evaluation of the implementation of the plan by the executive. Further, as the Commission has to formulate plans for the whole of the country, the inclusion of some Central Ministers as members thereof is likely to expose the Commission to the criticism that the States in which they are interested are placed in a favourable position and that the other State suffer neglect. Such a criticism becomes particularly serious if the parties in power in some of the States are different from the party in power at the Centre.

24. The above criticism may or may not be just but is plausible. The Planning Commission has, therefore, to be freed from such criticism. The core of the criticism is just this: formulation of viable

plans is the task of experts who should be able to exercise their judgment in technical matters uninfluenced by extraneous considerations. The final decision on the plans will have to be taken by the Cabinet and the association of some Ministers at the initial stages of formulation will be invidious as well as premature. It may inhibit the emergence of technically sound schemes and even free discussion. It may also lead to the distortion of the plan programmes in a biased way. So, while the Ministers may be consulted freely and their views given adequate consideration, their participation as members of the Commission in the detailed formulation of the plan should be discontinued.

25. We, therefore, recommend that Ministers should not be appointed as members of the Planning Commission.

Recommendation (7)

The Prime Minister or the Finance Minister, as the case may be, should deal with matters of importance of a general or administrative nature relating to the Planning Commission for which Government would be answerable in Parliament. Matters pertaining to specific subjects allocated to different Ministers should be dealt with in Parliament by those Ministers.

26. Whilst we are quite clear in our minds that neither the Prime Minister nor any other Minister should be associated with the Planning Commission as a regular Chairman or Member, we also consider that there need be no Minister specifically in charge of Planning. It is impossible for us to envisage any person other than the Prime Minister or the Finance Minister to be able effectively to deal with matters relating to planning, to carry his points through and at the same time carry influence with the Planning Commission. In the circumstances, we are convinced that either the Prime Minister or the Finance Minister should deal with matters relating to the planning in the Cabinet. In Parliament questions of a general or administrative nature will have to be answered by the Prime Minister or the Finance Minister. Ministers in charge of sectoral portfolios will be responsible for answering questions relating to their portfolios.

Recommendation (8)

The number of members should not exceed seven. They will be selected on the basis of their expertise and experience. Though it would be an ideal arrangement to

have a Commission consisting entirely of full-time members, in practice it may sometimes happen that experts while willing to work as members, may be able to join the Commission only on a part-time basis. In order to make it possible to utilise the services of such experts, two of the members may be appointed on a part-time basis. One of the full-time members may be appointed as Chairman. The members may, as at present, have the status of Ministers of State and the Chairman will have the status of a Cabinet Minister.

27. In order that it should function efficiently, the Planning Commission should consist of highly competent persons. The number of members should not be more than seven. The members should be chosen for their wide knowledge and experience in the fields of agriculture, industry and commerce, science and technology, economics and other social sciences, or public administration. It may well be that some persons who are eminent in their fields, in view of their pre-occupations, may be willing to work on the Commission only as part-time members. It may be found necessary to utilise the services of such experts. Provision will, therefore, have to be made for the appointment of part-time members. We accordingly recommended that two members of the Commission may, if need be, be appointed on part-time basis.

28. The appointments will be made by the President on the advice of the Prime Minister. The members may, as at present, have the status of Ministers of State. Their emoluments may, however, be higher than those of Ministers. One of the full-time members, capable of providing adequate leadership, may be appointed as Chairman, with the status of a Cabinet Minister.

Recommendation (9)

The members may be appointed for a fixed term of five years. But in order to preserve continuity, the term of one or two members may be extended by a year or so. Reappointments, however, may be made only in exceptional cases.

29. We agree with the Study Team that members should be appointed for a fixed term. This will enable comparatively young persons who have yet a considerable period of active life before them to join the Commission to give of their best and thereafter to resume their interrupted career. The term may be for five years. However, in order to preserve an element of continuity in the working of the Commission, extensions for an year or so may be made in the case of one or two members. Reappointments however may be made only in exceptional cases.

V—DISTRIBUTION OF WORK AMONG THE MEMBERS OF THE PLANNING COMMISSION

Recommendation (10)

Allocation of work may be made among the members keeping in view their special knowledge and expertise. Decisions on important questions should be taken by the Commission as a whole and not by individual members.

30. The distribution of work among the full-time members of the Commission has been in the nature of portfolio allocation to Ministers. This practice, it is alleged, has led to decisions being taken by individual members—sometimes, not even known to the other members. The members jealously tend to retain a monopolistic grip over their 'portfolios'. Incidentally, it has also had an inhibiting effect on the expression of views by other specialists. In these circumstances, co-ordination and joint thinking will recede to the background. The practice, it is said, is not in harmony with the idea of planning, and should be discontinued.

31. We feel that the existing system, as it is worked, has no doubt the tendency to divide the work of the Commission into compartments and leads to individual members assuming the posture of departmental heads. However, since each member is an expert in his own line, he must undoubtedly have freedom to work out his ideas so as to fit them into the plan frame. But the final decision must be reached as a result of collective thinking.

32. While the allocation of work may be continued as at present all the members of the Commission must have opportunities to express their views on all important questions and the decision of the Commission must not be that of individual members, but of the Commission as a whole. We, therefore, suggest—

- (a) that each member of the Commission while in charge of his allotted work, must be allowed to call for any file and record his views;
- (b) that important decisions should be taken, not by individual members, but collectively by the members of the Commission either at a meeting or by circulation.

VI—SECRETARIAT OF THE PLANNING COMMISSION

Recommendation (11)

The Commission should have a highly qualified person without being tied down to any specific cadre of service as its Secretary. It should have an efficient staff suitably equipped with expert knowledge of technical or administrative experience. Its procedures should be streamlined, simplified and based on officer-orientation. The functioning of the Commission should be so organised as to provide for the triple needs of analysis, thinking and planning.

33. The need of the Commission to have the assistance of a very competent secretariat consisting of efficient staff suitably equipped with expert knowledge of administrative and technical experience is exiomatic. It is obvious, however, that the wheels of efficiency would move only round a highly qualified and competent Secretary whose wide knowledge of the problems coming up before the Commission and facts and situations governing those problems would not only be an asset to the Commission but save its time and promote collective thinking on a sound basis. The best available talent irrespective of the cadre of any particular service should be secured for this key post and we, therefore, feel that the Prime Minister and the Chairman of the Planning Commission should make a very careful choice of the Secretary to the Commission from whatever source the required person may be available. We feel that the present staffing of the Commission leaves much to be desired and there is also considerable scope for pruning. Our Study Team has come to this conclusion and we fully endorse its views. In any case, there is no reason why the Commission should give the appearance of being, in several respects, parallel to Ministries and Departments of Government; on the other hand, its Secretariat should be efficient and business-like body which would be an example to, rather than an imitation of the ministerial set-up. Its procedures should be streamlined and simplified; red-tape should be ruthlessly cut down; its functioning should be officer-oriented and it should derive as much information as possible from the existing Government Departments

rather than necessarily have separate parallel sources of information of its own. Whilst analysis in planning is important, thought is more so and the Secretariat of the Commission should be so devised as to ensure that both these wings of Commission's work function in harmony and at the highest achievable pitch of efficiency. The analytical side should not miss the wood for the trees and should not flourish like the proverbial weed at the expense of the grain of thought. At this stage, we have to content ourselves by giving only these general guidelines on the question of staffing of the Planning Commission's Secretariat. The problem is linked with many other personnel problems relating to other branches of Government activity. We would, therefore, address ourselves in detail in this problem when we consider the machinery of Government, its personnel problems and similarly the machinery of Planning and other problems of personnel requirements at the time of submitting our Final Report.

VII—FULL CABINET TO CONSIDER THE PROPOSALS OF THE PLANNING COMMISSION

Recommendation (12)

The Cabinet as a whole, and not a sub-committee thereof, should finally decide on the proposals referred to it by the Commission.

34. We are strongly against the idea of a sub-committee of the Cabinet being formed to take final decisions on any of the matters referred to the Government by the Commission. To constitute a sub-committee of the Cabinet which will finally decide on the proposals of the Commission is to give an undue advantage to some Ministers as against the others in the Cabinet. The whole Cabinet must participate in discussions and in the decision making. If a few Ministers are allowed to come to a decision in advance, the Cabinet proceedings will thereafter become, more or less, a formality for according approval. We, therefore, recommend that, while it should be open to the Cabinet to make its own arrangements for getting preliminary studies made of the Commission's proposals, the final decision should be reached only after the Cabinet, as a whole, has applied its mind to those proposals.

VIII—STATE PLANNING BOARDS

Recommendation (13)

Planning Boards should be constituted in each State for formulating plans and for evaluating performance. They should each have five members of whom one may be a part-time member. One of the full-time members will be the Chairman of the Board. None of the members should be a Minister. The provisions relating to the composition and the appointment of the members of the Planning Commission will apply *mutatis mutandis* to the State Planning Boards.

35. While the Planning Commission at the Centre provides the necessary expertise in planning, there is no such body at the State level. In March 1962, the Planning Commission addressed all State Governments suggesting the appointment of a State Planning Board. The idea was that the State should be better equipped for undertaking the preparation of long-term plans, adequate economic and technical studies, review of progress and integrated implementation of State plans. The Punjab Administrative Reforms Commission and the Administrative Reforms Committee of Rajasthan have also favoured the formation of State planning agencies.

36. We are in agreement with the suggestion that planning agencies should be set up at the State level. These agencies, to be called "State Planning Boards" should, like the Planning Commission, be for formulating plans and evaluating plan performance. The composition of the Boards may be similar to that of the Planning Commission. The number of members may be five and one of them may, if needed, be a part-time member. The recommendations relating to the composition of the Planning Commission and the appointment of the members will apply *mutatis mutandis* to the State Planning Boards.

IX—THE NATIONAL DEVELOPMENT COUNCIL

Recommendation (14)

The functions of the National Development Council should be redefined and it should be reconstituted with the following as members:

- (1) the Prime Minister;
- (2) the Deputy Prime Minister (if any);
- (3) the Central Ministers of—
 - (i) Finance;
 - (ii) Food and Agriculture;
 - (iii) Industrial Development and Company Affairs;
 - (iv) Commerce;
 - (v) Railways;
 - (vi) Transport and Shipping;
 - (vii) Education;
 - (viii) Labour, Employment and Rehabilitation;
 - (ix) Home Affairs;
 - (x) Irrigation and Power;
- (4) the Chief Ministers of all the States;
- (5) the members of the Planning Commission.

The Prime Minister will be the Chairman and the Secretary of the Planning Commission the Secretary of the Council.

37. Economic and Social Planning have been assigned under the Constitution to the Concurrent List with the result that Parliament can legislate in respect of any of the matters relating to this subject and the State Legislatures have concurrent powers to make laws with respect to these matters. In the event of a conflict between the Parliament and State legislation, the former would prevail. The Constitution also provides that the executive power of every State shall be so exercised as to ensure compliance with the laws made by Parliament and the executive power of the Union shall extend to the giving of such directions to the State as may appear to the Government of India to be necessary for that

purpose. The Constitution also requires that the executive power of every State should be so exercised as not to impede or prejudice the exercise of the executive power of the Union and the executive power of the Union shall extend to the giving of such directions to a State as may appear to be necessary for that purpose. These constitutional provisions provide sufficient powers to the Parliament and the Government of India in the matter of economic and social planning for the country as a whole. At the same time, the importance of giving adequate voice to the States in this process of economic and social planning can hardly be over-emphasized. Planning must in the ultimate analysis be a willing and co-operative effort on the part of the Centre and the States alike. While, on one side, it is necessary to keep the all-India picture before us, it is equally necessary on the other that the needs of the States find their adequate expression and receive proper attention at the hands of the planners. A wave of responsive cooperation must, therefore, travel between the States and the Central Government on one side, and between them and the Planning Commission on the other. On the basis of a scientific plan, confidence, zeal and determination must flow from the Central Government or the Planning Commission to the States and *vice versa*.

38. The National Development Council was constituted in 1952 in response to such needs as we have enumerated above. The Council was assigned the following functions:—

- (i) to review the working of the National Plan from time to time;
- (ii) to consider important questions of social and economic policy affecting national development; and
- (iii) to recommend measures for the achievement of the aims and targets set out in the National Plan, including measures to secure the active participation and cooperation of the people, improve the efficiency of the administrative services, ensure the fullest development of the less advanced regions and sections of the community and, through sacrifice borne equally by all citizens build up resources for national development.

The members of the Council are the Prime Minister, the Chief Ministers of the States and the Members of the Planning Commission. Union Ministers who are concerned with the problems which

are discussed by the Council and also other State Ministers concerned with the State Plans are usually invited to attend the meetings of the Council.

39. It was intended that the National Development Council should function in respect of social and economic policy as an overall federal body to review the working of the National Plan and to consider important relevant questions. However, we regret to observe that, in actual practice, the institution has fallen somewhat into disuse recently and has functioned more by fits and starts than as a regular and important element in the Planning set-up. This would be clear from the fact that only one meeting each was held in 1952, 1953 and 1954, two meetings in 1955, three meetings in 1956, three meetings in 1960, two meetings in 1961, one meeting in 1962, two meetings in 1963 and one meeting each in 1964, 1965 and 1966. As our Study Team has observed, many a time, the National Development Council has merely confirmed the decisions which had already been taken in the Planning Commission; important documents to be considered by the Council were made available to its members only a few days before the meeting was to begin and, on the whole, its contribution to planning has not been of the order of high quality which could be expected of this highest Council on Planning. The need for improving its effectiveness and emphasising its true character becomes more and more important as we consider the emerging political set-up in the country and its impact on decision-making in such an important field as economic and social planning. We have no doubt, therefore, that, in future, such a Council will have to play a much greater and effective role in the formulation of the Plan and the subsequent reviews in considering of the important matters of policies affecting both planning and its implementation than in the past.

40. Since it would not be a constitutional authority for functioning in this sphere, obviously, its effectiveness and actual role in Planning would have to be based on general understanding and conventions. It is, however, beyond question that the Council should operate more frequently and its working should be much more systematised.

41. In order to secure these objectives, we would re-define the functions of the Council as follows:

- (1) to prescribe guidelines for the formulation of the National Plan;

- (2) to consider the National Plan as formulated by the Planning Commission;
- (3) to assess the resources required for implementing the Plan and to suggest ways and means for raising them;
- (4) to consider important questions of social and economic policy affecting development; and
- (5) to review the working of the Plan from time to time and to recommend such measures as are necessary for achieving the aims and targets set out in the National Plan.

42. We recommend that the National Development Council should be reconstituted with the following as members:

- (1) the Prime Minister;
- (2) the Deputy Prime Minister (if any);
- (3) the Central Ministers of—
 - (i) Finance;
 - (ii) Food and Agriculture;
 - (iii) Industrial Development and Company Affairs;
 - (iv) Commerce;
 - (v) Railways;
 - (vi) Transport and Shipping;
 - (vii) Education;
 - (viii) Labour, Employment and Rehabilitation;
 - (ix) Home Affairs;
 - (x) Irrigation and Power;
- (4) the Chief Ministers of all the States;
- (5) the members of the Planning Commission.

The Prime Minister will, as at present, be the Chairman of the Council. The Secretary of the Planning Commission who now acts as the Secretary to the National Development Council will continue to do so.

43. In order to expedite its work, the Council may appoint from time to time, and particularly at the time of formulation of Five Year Plans, suitable sub-committees and panels. It should

try to secure adequate representation on the panels of important interests whom it would be necessary to consult both in the planning stage and in reviewing its actual programme. This brings us to the question of appraisal and evaluation side of its work. The Commission should be in a position to feed the Council with necessary information at regular intervals, so that necessary adjustments are made in good time

X—CONCLUSION

44. We have now dealt with all the important matters that deserve immediate attention from the point of view of the reconstitution of the Planning Commission. It has not been easy to isolate these from other important connected problems which have been included by Government in our terms of reference and it is not unlikely that in our Final Report we may have to supplement some of the ideas we have expressed in this report.

45. India has been fortunate that attention has been devoted to planning for the last nearly 30 years and that ever since Independence, particularly after the formation of the Planning Commission, the idea of planning has gripped public imagination. It is, therefore, something of a tragedy that towards the end of the Third Plan its implementation and subsequent planning for the Fourth Plan have received a set back.

46. The Third Plan ended on the 30th March, 1966. It is more than a year since and we have not yet seen the final draft of the Fourth Plan. This draft has been under discussion for about a year and a half. In the meantime, the Planning Commission itself has become attenuated: two of its members resigned some time ago with a view to taking to political career. We understand that a third member has also recently resigned and the one remaining full-time member is on the verge of retirement. The picture of the Planning Commission, therefore, is one of confusion and incompleteness. There is only one silver lining in this atmosphere of gloom in that it may take at least six months for the Fourth Plan to be finalised and some more time must lapse before it gets a real start. This may not come about before the 1st April 1968. This date falls a year after the General Election and the formation of new Ministries at the Centre and in the States. Every general election introduces a change of regime; the change may be one of degree or one of kind; may be the same political party in some or all the States or may be of different political parties in the States and at the Centre. Such new administrations will thus have an opportunity to take their due share in the formulation of the Fourth Plan. Thus for the first time, new Ministries will have an oppor-

tunity to decide upon the Plan which they would themselves have to implement. Similarly, it would be the new Parliament at the Centre and the new Legislatures in the States which will set the seal of their approval on the respective Fourth Five Year Plans. We are sure that this would result in a fresh outlook and a re-orientation of some of our ideas in planning. This would obviously be in the public interest. We hope that the recommendations that we have made will help in the full utilisation of these opportunities.

XI—SUMMARY OF RECOMMENDATIONS

Functions of the Planning Commission

(1) The statement of the functions of the Planning Commission set out in the Government of India Resolution dated 15-3-50 appointing the Commission should, with slight modifications, continue to be the basis for its working. Its role should be confined to the formulation of the plans—the long-term perspective plan, the five-year plan and the annual plan—and the evaluation of plan performance. It should cease to involve itself in executive functions and decisions.

(2) The Commission should annually make a report to Parliament on plan performance.

Set-up of the Planning Commission

(3) The Planning Commission should be a non-statutory advisory body, having close relation with the Union Government.

Composition of the Planning Commission

(4) The Prime Minister has to be closely associated with the working of the Commission without being the Chairman thereof. This association is to be secured by his being kept continuously informed of the matters coming up for discussion at the meetings of the Commission. The Prime Minister may attend the meetings of the Commission or address it whenever he considers it necessary. The Prime Minister will preside over the meetings of the Commission when he attends them.

(5) The Finance Minister will also be closely associated with the working of the Commission. As in the case of the Prime Minister, he will be kept informed of the matters coming up for discussion at the meetings of the Commission and he may attend the meetings thereof. He will not be a member of the Commission.

(6) Ministers should not be appointed as members of the Commission.

(7) The Prime Minister or the Finance Minister as the case may be, should deal with matters of importance of a general or administrative nature relating to the Planning Commission for

which Government would be answerable in Parliament. Matters pertaining to specific subjects allocated to different Ministers should be dealt with in Parliament by those Ministers.

(8) The number of members should not exceed seven. They will be selected on the basis of their expertise and experience. Though it would be an ideal arrangement to have a Commission consisting entirely of full-time members, in practice it may sometimes happen that experts while willing to work as members, may be able to join the Commission only on a part-time basis. In order to make it possible to utilise the services of such experts, two of the members may be appointed on a part-time basis. One of the full-time members may be appointed as Chairman. The members may, as at present, have the status of Ministers of State and the Chairman will have the status of a Cabinet Minister.

(9) The members may be appointed for a fixed term of five years. But in order to preserve continuity, the term of one or two members be extended by a year or so. Reappointments, however, may be made only in exceptional cases.

Distribution of work among the members of the Planning Commission

(10) Allocation of work may be made among the members keeping in view their special knowledge and expertise. Decisions on important questions should be taken by the Commission as a whole and not by individual members.

Secretariat of the Planning Commission

(11) The Commission should have a highly qualified person without being tied down to any specific cadre of service as its Secretary. It should have an efficient staff suitably equipped with expert knowledge of technical or administrative experience. Its procedures should be streamlined, simplified and based on officer-orientation. The functioning of the Commission should be so organised as to provide for the triple needs of analysis, thinking and planning.

Full Cabinet to consider the proposals of the Planning Commission

(12) The Cabinet as a whole, and not a sub-committee thereof, should finally decide on the proposals referred to it by the Commission.

State Planning Boards

(13) Planning Boards should be constituted in each State for formulating plans and for evaluating performance. They should

each have five members of whom one may be a part-time member. One of the full-time members will be the Chairman of the Board. None of the members should be a Minister. The provisions relating to the composition and the appointment of the members of the Planning Commission will apply *mutatis mutandis* to the State Planning Boards.

The National Development Council

(14) The functions of the National Development Council should be redefined and it should be reconstituted with the following as members:

- (1) the Prime Minister;
- (2) the Deputy Prime Minister (if any);
- (3) the Central Ministers of—
 - (i) Finance;
 - (ii) Food and Agriculture;
 - (iii) Industrial Development and Company Affairs;
 - (iv) Commerce;
 - (v) Railways;
 - (vi) Transport and Shipping;
 - (vii) Education;
 - (viii) Labour, Employment and Rehabilitation;
 - (ix) Home Affairs;
 - (x) Irrigation and Power;
- (4) the Chief Ministers of all the States;
- (5) the members of the Planning Commission.

The Prime Minister will be the Chairman and the Secretary of the Planning Commission the Secretary of the Council.

(Sd.) K. Hanumanthaiya,
Chairman.

(Sd.) H. C. Mathur,
Member.

(Sd.) H. V. Kamath,
Member.

(Sd.) D. Mookerjee,
Member.

(Sd.) V. Shankar,
Member.

(Sd.) V. V. Chari,
Secretary

Subject to a minute of dissent.

MINUTE OF DISSENT

I am anxious that the National Development Council should not be too unwieldy a body. Members of the Council should take an active interest in its working and attend its meetings which ought to be more frequent than hitherto. A plethora of Minister-members may not be an asset. It will, on the contrary, be unhelpful to the fulfilment of the role which I envisage for it, if practically all the Union Cabinet Ministers are members thereof as my colleagues have recommended. I am of the view that only the Prime Minister, Deputy Prime Minister, if any, along with the Ministers of Finance, Home Affairs, Agriculture, Industry, Irrigation & Power should be members of the Council. Others may be invited whenever their presence is deemed necessary. I agree that the Chief Ministers of the States and Members of the Planning Commission should continue to be members of the Council.

2 While the Minister of Home Affairs will, constitutionally speaking, represent the Union Territories, it is imperative that, with the rapidly changing political landscape, the Chief Ministers of Union Territories and the Chief Executive Councillor of Delhi should be invariably invited to attend the meetings of the Council. That will help to evoke a livelier sense of active participation in planning on the part of those who are concerned with the implementation of the plan in their areas. Planning, it should be remembered, should take into account psychological factors no less than other considerations.

3. I do not think that the abolition of the Ministry of Planning, as contemplated by my colleagues, is justified at the present stage. The new organisational and functional set up suggested by us for the Planning Commission as well as the pivotal position of planning which we have recognised makes it all the more necessary that a Minister of Planning should continue to function at the Centre. His Ministry will process the Planning Commission's reports before they are considered by the Cabinet and he will be the spokesman within Parliament and without for planning policies and programmes as a whole, while some sectoral details may be tackled by concerned Ministers. I shall be happy if every Prime Minister assumes the portfolio of planning. But it will be improper for us to foist any

particular portfolio on the Prime Minister, burdened as he is with multifarious duties and functions. That is a matter which should be left to his free choice. Abolition of the Ministry of Planning at this juncture is therefore likely to result in confusion worse confounded with a cacophonous effort by several persons not necessarily competent. Moreover, a separate Minister is necessary at this stage so as to serve as a regular liaison between the Government at the Centre and that in each of the States; a multiplicity of Ministers at the Centre dealing with planning will only lead to cumbersome and dilatory procedures, which will in their turn hamstring and frustrate planning. If my view is accepted the Minister of Planning will also be a member of the National Development Council.

(Sd.) H. V. Kamath.

Camp: Calcutta,
The 20th April, 1967.

APPENDIX

(vide para 6 of the report)

Paragraph 4 of the Government of India Resolution No. I-P(C)/50 dated the 15th March, 1950 appointing the Planning Commission.

Having regard to these rights and in furtherance of these principles as well as the declared objectives of the Government to promote a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country, increasing production, and offering opportunities to all for employment in the service of the community;

The Planning Commission will:—

- (i) make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation's requirements;
- (ii) formulate a Plan for the most effective and balanced utilisation of the country's resources;
- (iii) on a determination of priorities, define the stages in which the Plan should be carried out and propose the allocation of resources for the due completion of each stage;
- (iv) indicate the factors which are tending to retard economic development and determine the conditions which, in view of the current social and political situation, should be established for the successful execution of the Plan.
- (v) determine the nature of the machinery which will be necessary for securing the successful implementation of each stage of the plan in all its aspects;
- (vi) appraise from time to time the progress achieved in the execution of each stage of the Plan and recommend the adjustments of policy and measures that such appraisal may show to be necessary; and
- (vii) make such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the

discharge of the duties assigned to it, or on a consideration of the prevailing economic conditions, current policies, measures and development programmes; or on an examination of such specific problems as may be referred to it for advice by Central or State Governments.



